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**Subject: State aid N 408/2006 – Greece
Regional aid map 2007-2013**

Sir,

1. PROCEDURE

1. By e-mail dated 23 June 2006, registered at the Commission on 23 June 2006 (A/34960) Greece notified its regional aid map for the period 1.1.2007 – 31.12.2013.
2. On 21 December 2005, the Commission adopted the ‘Guidelines on National Regional Aid for 2007-2013¹ (hereinafter “RAG”). In accordance with paragraph 100 of the RAG each Member State should notify to the Commission following the procedure of Article 88(3) of the Treaty, a single regional aid map covering its entire national territory which will apply for the period 2007-2013. In accordance with paragraph 101, the approved regional aid map is to be published in the Official Journal of the European Union, and will be considered an integral part of the RAG.

¹ (OJ C 54, 4.3.2006, p. 13)

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2. DESCRIPTION

3. The whole of Greece was eligible under the derogation of Article 87(3)(a) for the period 2000-2006. Therefore, the Greek authorities propose that for the period 2007-2013 also the whole country should be eligible to receive regional investment aid, although sometimes under different derogations [Article 87(3)(a) or Article 87(3)(c)] and at different aid ceilings.

2.1. 87(3)(a) regions: proposed for the whole period 2007-2013

4. The following NUTS II regions are proposed for eligibility under the 87(3)(a) derogation for the whole period 2007-2013 at an aid ceiling of 40%:
 - GR11 Anatoliki Makedonia, Thraki
 - GR21 Ipeiros
 - GR23 Dytiki Ellada
5. The following NUTS II regions are proposed for eligibility under the 87(3)(a) derogation for the whole period 2007-2013 at an aid ceiling of 30%:
 - GR14 Thessalia
 - GR22 Ionia Nisia
 - GR43 Kriti
6. The following NUTS II regions are proposed for eligibility under the 87(3)(a) derogation for the whole period 2007-2013 starting with an aid ceiling of 40% on 1.1.2007, which will then be lowered to 30% on 1.1.2011:
 - GR25 Peloponnisos
 - GR41 Voreio Aigaio

2.2. 87(3)(a) regions: Statistical effect regions

7. The following NUTS II regions are proposed for eligibility under the 87(3)(a) derogation until 31.12.2010 (statistical effect regions) with an aid ceiling of 30%. In 2010 an assessment will take place on the basis of the then available three year average of GDP per capita. If the GDP per capita falls under 75% of the EU25 average, the regions remain eligible under the derogation of Article 87(3)(a) with an aid ceiling of 30%, if not they will become eligible under the derogation of Article 87(3)(c) with an aid ceiling of 20%:
 - GR12 Kentriki Makedonia
 - GR13 Dytiki Makedonia
 - GR30 Attiki

2.3. 87(3)(c) regions: Economic development regions

8. The following NUTS II region is proposed for eligibility under the 87(3)(c) derogation until 31.12.2010 (economic development region) with an aid ceiling of 30%. On 1.1.2011 this aid ceiling will be lowered to 15%:
 - GR42 Notio Aigaio

9. The following NUTS II region is proposed for eligibility under the 87(3)(c) derogation until 31.12.2010 (economic development region) with an aid ceiling of 30%. On 1.1.2011 this aid ceiling will be lowered to 15% for 3 of the underlying NUTS III regions and to 20% for the 2 other NUTS III regions:

– GR24 Sterea Ellada

• GR241	Voiotia	30%	->	15%
• GR242	Evvoia	30%	->	15%
• GR244	Fthiotida	30%	->	15%
• GR243	Evrytania	30%	->	20%
• GR245	Fokida	30%	->	20%

10. All the proposed aid ceilings are those for investments by large enterprises. For medium sized enterprises these aid ceilings can be increased by 10 percentage points and for small enterprises² by 20 percentage points.

3. ASSESSMENT

11. Since the whole territory of Greece has indeed been eligible for the derogation under Article 87(3)(a) for the period 2000-2006³, the whole of Greece remains eligible for national regional state aid for the period 2007-2013, either under the derogation of Article 87(3)(a), or under Article 87(3)(c).

3.1. 87(3)(a) regions: proposed for the whole period 2007-2013

12. In accordance with paragraph 44 of the RAG, the aid ceiling for regions falling under Article 87(3)(a) must not exceed 40% GGE for regions with less than 60% of average EU-25 GDP per capita, which is the case for the following NUTS II regions as shown by their respective GDP per capita⁴:

– GR11	Anatoliki Makedonia, Thraki	57,4%
– GR21	Ipeiros	59,2%
– GR23	Dytiki Ellada	56,3%

13. In accordance with the same paragraph of the RAG, the aid ceiling for regions falling under Article 87(3)(a) must not exceed 30% GGE for regions with less than 75% of average EU-25 GDP per capita, which is the case for the following NUTS II regions as shown by their respective GDP per capita:

– GR14	Thessalia	62,9%
– GR22	Ionia Nisia	65,5%
– GR43	Kriti	72,2%

² As defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36) or any successor document.

³ Decision on the regional aid map for Greece for the period 2000-2006 (N 469/99)

⁴ Gross Domestic Product expressed in Purchasing Power Standards per capita for the years 2000-2002. (EU-25 = 100)

– GR25 Peloponnisos	73,6%
– GR41 Voreio Aigaio	74,2%

However, paragraph 92 of the RAG stipulates that where the implementation of the guidelines will result in a reduction in maximum aid intensities of more than 15 percentage points, the reduction may be implemented in two stages with the initial reduction of a minimum of 10 percentage points being applied on 1 January 2007, and the balance on 1 January 2011. This transitional provision concerns GR25 Peloponnisos and GR41 Voreio Aigaio which were eligible for an aid ceiling of 50% in the period 2000-2006. Therefore, for these two regions, the aid ceiling is lowered to 40% on 1 January 2007 and then further to 30% on 1 January 2011.

3.2. 87(3)(a) regions: Statistical effect regions

14. Paragraph 18 of the RAG defines “statistical effect” regions as regions at NUTS II level which have a GDP per capita of more than 75% of the EU-25 average, but less than 75% of the EU-15 average⁵. In Greece, 3 NUTS II regions are concerned, as shown by their respective GDP per capita:

– GR12 Kentriki Makedonia	75,8%
– GR13 Dytiki Makedonia	76,7%
– GR30 Attiki	78,9%

Paragraph 19 of the RAG provides that these regions will continue to remain eligible for the derogation in Article 87(3)(a) on a transitional basis until 31 December 2010.

Paragraph 20 of the RAG foresees that the Commission will in 2010 review the position of these regions on the basis of the three-year average of the most recent GDP data available from Eurostat. If the GDP has declined below 75% of the EU-25 average, the region will continue to be eligible for the derogation under Article 87(3)(a). Otherwise they will become eligible for aid under the derogation of Article 87(3)(c) from 1.1.2011.

In accordance with paragraph 44 of the RAG the intensity of regional aid must not exceed 30% for statistical effect regions until 1.1.2011 and paragraph 46 of the RAG provides that the statistical effect regions which fall under the derogation under Article 87(3)(c) from 1.1.2011 will be eligible for an aid ceiling of 20%.

3.3. 87(3)(c) regions: Economic development regions

15. The economic development regions are defined in paragraph 25 of the RAG as those NUTS II regions which had a GDP per capita of less than 75% on an EU-15 basis when the 1998 regional aid guidelines were adopted, but which as a result of their economic development no longer meet that condition on an EU 15 basis. In Greece, two NUTS II regions are concerned: GR42 Notio Aigaio and GR24 Sterea Ellada. Paragraph 93 of the RAG foresees that the reduction of maximum

⁵ 75% of the average EU-15 GDP per capita corresponds for the years 2000-2002 to 82,2% of the average EU-25 GDP per capita.

aid intensities for the economic development regions may take place in two stages, a reduction of at least 10 percentage points on 1.1.2007 and a final reduction at the latest on 1.1.2011. In accordance with paragraph 47 of the RAG the aid ceiling for 87(3)(c) regions must not normally exceed 15%. Paragraph 47 of the RAG foresees also that the regional aid ceiling is reduced to 10% in the case of regions with both more than 100% of the average EU-25 GDP per capita and a lower unemployment rate than the EU-25 average, measured at NUTS-III level.

16. The NUTS II region of GR42 Notio Aigaio is an economic development region with a GDP per capita of 87,7% of the EU-25 average. As this region was eligible to an aid ceiling of 40% in the period 2000-2006, the proposed aid ceilings of 30% on 1.1.2007 and 15% on 1.1.2011 are in line with the paragraphs 93 and 47 of the RAG.
17. The NUTS II region of GR24 Sterea Ellada is an economic development region with a GDP per capita of 105.2%, but with higher unemployment than the EU-25 average. Where in the case of GR42 Notio Aigaio, the Greek authorities proposed the aid ceilings at the level of NUTS II, in the case of GR24 Sterea Ellada the proposed aid ceilings are differentiated at the level of NUTS III as from 1 January 2011. As GR24 Sterea Ellada was eligible to an aid ceiling of 40% in the period 2000-2006, the proposed aid ceilings of 30% on 1.1.2007 and 15% on 1.1.2011 are in line with the paragraphs 93 and 47 of the RAG.

In accordance with the provisions in footnote 45 of the RAG, a higher aid intensity may be permitted in the case of a NUTS-III region, or smaller, adjacent to an Article 87(3)(a) region if this is necessary to ensure that the differential between the two regions does not exceed 20 percentage points. The NUTS III regions of GR243 Evrytania and GR245 Fokida are bordering the NUTS II region of GR23 Dytiki Ellada which is eligible under the derogation of Article 87(3)(a) with an aid ceiling of 40%. Accordingly, the aid ceiling for these two NUTS III regions may be increased to 20%.

It follows that the following maximum aid intensities should apply to the five NUTS III regions contained within the NUTS II region of GR24 Sterea Ellada:

Aid ceiling as from		1.1.2007	1.1.2011
– GR241	Voiotia	30%	15%
– GR242	Evvoia	30%	15%
– GR244	Fthiotida	30%	15%
– GR243	Evrytania	30%	20%
– GR245	Fokida	30%	20%

3.4. General provisions of the map

18. In accordance with paragraph 49 of the RAG all the preceding maximum aid intensities can be increased by 10% GGE for medium sized enterprises and 20% GGE for small enterprises. However, in accordance with paragraph 67 of the RAG no SME bonuses are allowed for investment projects with eligible expenditure exceeding EUR 50 million.

19. Following the assessment above, the maximum aid intensities for regional investment aid notified by Greece for the period 2007-2013 are in line with the maximum aid intensities allowed for under the RAG.
20. The Commission recalls that in accordance with paragraph 8 of the RAG, these maximum aid intensities apply to the processing and marketing of agricultural products only to the extent laid down in the Community guidelines for State aid in the agriculture sector⁶, or any replacement guidelines.
21. The Commission takes note of the following commitments given by the Greek authorities in the notification:
 - (a) The Greek authorities confirmed that all plans to grant regional aid will be notified to the Commission in accordance with Article 88(3) of the Treaty, either as an aid scheme, or as an individual notification unless a State aid exemption regulation applies.
 - (b) The Greek authorities confirmed that all regional investment aid will respect the ceilings defined in the region concerned in the regional aid map published by the Commission pursuant to this notification.
 - (c) The Greek authorities confirmed that for large investment projects the upper ceilings defined in respect of the region concerned in the regional aid map published by the Commission pursuant to this notification will be adjusted according to the formula in paragraph 67 of the RAG.
 - (d) The Greek authorities confirmed that all large investment projects for which the amount of aid proposed is more than the maximum allowable amount of aid an investment with eligible expenditure of EUR 100 million can receive under the scale laid down in paragraph 67 of the RAG, will be notified individually to the Commission.

3.5. Appropriate measures

22. By letter of 6 March 2006, reference D/(06)224, the Commission proposed appropriate measures to the Greek authorities by which, inter alia, the application of their existing regional aid schemes is limited until 31 December 2006. The Greek authorities accepted these appropriate measures unconditionally by fax of 5 April 2006, registered at the Commission on 7 April 2006.

4. DECISION

23. The Commission has accordingly decided:
 - to consider the Greek regional aid map for 2007-2013 as set out in the Annex to be compatible with the EC Treaty as it fulfils the conditions as stipulated in the Guidelines on national regional aid for 2007-2013. This map is valid from 1 January 2007 until 31 December 2013.

⁶ OJ C 28 of 1.2.2000, p.2. Corrigendum OJ C 232, 12.8.2000 p. 17.

- to review in 2010 the position of the statistical effect regions of GR12 Kentriki Makedonia, GR13 Dytiki Makedonia and GR30 Attiki in accordance with the conditions set out in paragraph 20 of the regional aid guidelines.
- to publish the map as presented in the Annex to this decision in the Official Journal of the European Union. The full text of this letter in the authentic language will be published on the Internet site: http://ec.europa.eu/community_law/state_aid/index.htm

Any request concerning this letter should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
Directorate for State Aid I
State Aid Greffe
B – 1049 Brussels
Fax No: 0032.2.296 12 42

Yours faithfully,
For the Commission

Neelie KROES
Member of the Commission

Guidelines on National Regional aid for 2007-2013*(OJ C 54, 4.3.2006, p. 13)***GREECE - National regional state aid map 1.1.2007-31.12.2013**

(Approved by the Commission on

(NUTS II REGION) (NUTS III REGION)	Ceiling for regional investment aid ¹ (Applicable to large enterprises)	
	1.1.2007-31.12.2010	1.1.2011-31.12.2013
1. Regions eligible for aid under Article 87(3) (a) of the EC Treaty until 31.12.2013		
GR11 ANATOLIKI MAKEDONIA, THRAKI	40%	40%
GR21 IPEIROS	40%	40%
GR23 DYTIKI ELLADA	40%	40%
GR14 THESSALIA	30%	30%
GR22 IONIA NISIA	30%	30%
GR43 KRITI	30%	30%
GR25 PELOPONNISOS	40%	30%
GR41 VOREIO AIGAIO	40%	30%
2. Regions eligible for aid under Article 87(3) (a) of the EC Treaty until 31.12.2010² (Statistical effect regions)		
GR12 KENTRIKI MAKEDONIA	30%	20%
GR13 DYTIKI MAKEDONIA	30%	20%
GR30 ATTIKI	30%	20%
3. Regions eligible for aid as regions of economic development under Article 87(3) (c) of the EC Treaty		
GR42 NOTIO AIGAIO	30%	15%
GR24 STEREA ELLADA		
<i>GR 241 VOIOTIA</i>	30%	15%
<i>GR244 FTHIOTIDA</i>	30%	15%
<i>GR242 EVVOIA</i>	30%	15%
<i>GR245 FOKIDA</i>	30%	20%
<i>GR243 EYRYTANIA</i>	30%	20%

- For investment projects with eligible expenditure not exceeding EUR 50 million, this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies as defined in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36). For large investment projects with eligible expenditure exceeding EUR 50 million, this ceiling is subject to adjustment in accordance with paragraph 67 of the Guidelines on national regional aid for 2007-2013.
- One or more of these regions will remain eligible under Article 87(3)(a) and the ceiling for the period 1.1.2011-31.12.2013 will be increased to 30% if a review to be undertaken in 2010 shows that the GDP per capita of the region concerned has fallen below 75% of the EU-25 average.